STATE OF FLORIDA
OFFICE OF THE AUDITOR GENERAL
TALLAHASSEE

ERNEST ELLISON, C. P. A.
AUDITOR GENERAL

February 21, 1986

The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that an audit be made of the

GENERAL PURPOSE FINANCIAL STATEMENTS

OF THE

STATE OF FLORIDA

For the Fiscal Year Ended June 30, 1985,

and present this report thereon.

OBJECTIVES

The objectives of our examination included determinations as to: (1) whether the general purpose financial statements of the State of Florida present fairly its financial position, results of operations, and changes in the financial position of its proprietary and similar trust fund types, in accordance with generally accepted accounting principles, and (2) whether management has complied with laws and regulations that may have a material effect on the general purpose financial statements in the event of noncompliance.

The scope of our audit extended to an examination of the general purpose financial statements of the State of Florida reporting entity as defined in note 1 to the financial statements; however, we did not examine the accounts and records of the Legislature (which include total assets and expenditures constituting less than one percent, respectively, of the fund types and account groups in which reported as of and for the

fiscal year ended June 30, 1985), the Florida Housing Finance Agency, or the "direct-support" organizations of the various State universities. The operations of these entities are examined by other auditors. Our audit findings relating to compliance with Federal law and regulations will be the subject of a separate report.

REPORT ON GENERAL PURPOSE FINANCIAL STATEMENTS

We have examined the general purpose financial statements of the State of Florida as of and for the fiscal year ended June 30, 1985, as listed in the table of contents. Except as disclosed in the following paragraph, our examination was made in accordance with generally accepted governmental auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We did not examine the financial statements of the Florida Housing Finance Agency (an Enterprise Fund), which include total assets and revenues constituting approximately 40 percent and 33 percent, respectively, of the related totals of the Enterprise Funds, or the financial statements of university "direct-support" organizations as described in note 15 to the financial statements. These statements, which are the basis for amounts included in the general purpose financial statements of the State of Florida, were examined by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts reported, is based solely upon the reports of the other auditors.

Records were not available to support the existence and valuation of a substantial portion of the State lands recorded and reported in the General Fixed Assets Account Group at June 30, 1985. As a result, it was not practicable in the circumstances for us to determine whether the amount reported for land is fairly stated. The amount reported for land constitutes approximately 60 percent of the total value of reported general fixed assets.

In our opinion, based upon our examination and the reports of other auditors, the general purpose financial statements referred to above, except for those relating to the General Fixed Assets Account Group, present fairly the financial position of the State of Florida at June 30, 1985, and the results of its operations, the changes in fund balances of the State university fund types, and the changes in financial position of the proprietary fund types and similar trust funds for the fiscal year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. For the reasons stated above, the scope of our examination was insufficient to warrant the expression of an opinion, and we do not express an opinion, on the General Fixed Assets Account Group at June 30, 1985.

REPORT ON COMPLIANCE MATTERS

In connection with our examination of the State of Florida's general purpose financial statements, we selected and tested transactions and records to determine compliance with laws and regulations which could have a material effect on the general purpose financial statements of the State in the event of noncompliance.

Our examination was made in accordance with generally accepted auditing standards, the standards for financial and compliance audits contained in the STANDARDS FOR AUDIT OF GOVERNMENTAL ORGANIZATIONS, PROGRAMS, ACTIVITIES, AND FUNCTIONS, issued by the United States General Accounting Office. Accordingly, our examination included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The results of our tests indicate that for the items tested, the State of Florida complied with those laws and regulations which could have a material effect on the general purpose financial statements in the event of noncompliance. Nothing came to our attention as a result of our tests that caused us to believe that untested items were not administered in compliance with laws or regulations which could have a material effect on the State's general purpose financial statements in the event of noncompliance.

REPORT ON INTERNAL ACCOUNTING CONTROLS

Proper accountability for public resources requires that adequate systems of internal accounting control be established and maintained. In fulfilling this responsibility, estimates and judgments by managers are required to assess the expected benefits and related costs of control procedures. Internal accounting controls have been established pertaining to financial reporting, assets, liabilities, revenues, expenditures and expenses, and equity balances. The objectives of the controls are to provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with appropriate authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

As part of our examination of the State's general purpose financial statements, we made a study and evaluation of these systems of internal accounting control to the extent we considered necessary to evaluate the systems as required by generally accepted auditing standards and the standards for financial and compliance audits contained in the United States

General Accounting Office STANDARDS FOR AUDIT OF GOVERNMENTAL ORGANIZATIONS, PROGRAMS, ACTIVITIES, AND FUNCTIONS.

We evaluated these significant systems of internal accounting control and related classes of transactions to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the accompanying financial statements. Because of inherent limitations in any system of internal accounting control, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate. Accordingly, we do not express an opinion on the systems of internal accounting control taken as a whole or on any of the categories of controls identified in the preceding paragraph; however, except for the absence of records supporting the existence and valuation of State-owned lands, our study and evaluation disclosed no condition that we believe to be a material weakness.

Respectfully submitted,

Ernest Ellison

Ernest Ellison, C.P.A.
Auditor General

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EXHIBIT - A

STATE OF FLORIDA
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 1985
(Shown in Thousands)

	Governmental Fund Types			
	General	Special Revenue	Capital Projects	Debt Service
ASSETS				
Cash on Hand	$ 364	$ 928	$	$
Cash and Cash Equivalents in Bank				
Local Depositories	2,553	2,848		39
State Board of Administration		1		
State Treasury	609,483	1,928,565	22,569	
Cash with Fiscal Agents (Note 2)				266,610
Investments		20,910		246,457
Receivables, Net (Note 4)				
Accounts	24,822	68,056	139	
Taxes		23,968		
Interest	8,115	8,803	192	9,282
Pension Contributions				
Due from Other Funds (Note 14)	83,158	118,858	90,610	
Due from Other Governmental Units	53	238,469		
Inventories	17,522	20,773		
Other Current Assets	105	395		
Loans and Notes Receivable, Net (Note 4)	8,220	7,641		
Advances to Other Funds (Note 14)	142,359	132,921		
Deferred Financing Charges				
Restricted Assets:				
Cash				
Investments				
Interest Receivable (Note 4)				
Accounts Receivable, Net (Note 4)				
Due from Other Funds				
Other				
Net Investment in Direct Financing Leases				
Land				
Buildings				
Improvements Other Than Buildings				
Furniture and Equipment				
Construction Work in Progress				
Library Resources				
Leased Property Under Capital Lease				
Other Fixed Assets				
Accumulated Depreciation				
Amount Available in Debt Service Funds				
Amount to be Provided for Retirement of General Long-Term Debt				
Amount to be Provided from Future Appropriations				
TOTAL ASSETS	$896,754	$2,573,136	$113,510	$522,388

EXHIBIT - A

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		State University System Fund Types	Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt		
$ 297	$ 1	$ 913	$	$	$ 397	$ 2,900
1,786		5,995			18,867	32,088
		840				841
2,177	52,005	225,384			179,189	3,019,372
56,422	408	58,563				382,003
70	1,672	12,406,494			3,185	12,678,788
306	990	9,107			26,989	130,409
		16,693				40,661
62	334	136,016			1,771	164,575
		77,783				77,783
55	3,393	26,913			153,945	476,932
3	558	50,266			5,336	294,685
1,383	589	13			9,962	50,242
13	30				508	1,051
655,709		4,150			56,049	731,769
500						275,780
3,427						3,427
31,610						31,610
1,085,155						1,085,155
22,966						22,966
952						952
714						714
941						941
	18,040	935	2,900,863		787	787
55,360	161,855		623,265		39,462	2,959,300
1,078,441	6,073		97,458		894,861	1,735,341
9,623	55,264	604	542,028		77,118	1,259,090
264,183	7,813		186,058		419,464	1,026,983
2	15		9,682		95,335	553,389
	14,874		89		165,358	175,057
58	238		273,974		6,058	21,021
(33,669)	(70,314)				6,698	280,968
						(103,983)
				255,779		255,779
				2,661,738		2,661,738
					69,277	69,277
$3,238,546	$253,838	$13,020,669	$4,633,417	$2,917,517	$2,230,616	$30,400,391

EXHIBIT - A
(Continued)

STATE OF FLORIDA
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 1985
(Shown in Thousands)

	Governmental Fund Types			
	General	Special Revenue	Capital Projects	Debt Service
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts Payable	$146,405	$ 259,959	$ 5,649	$
Claims Payable		15,334		
Deposits Payable		668		
Deposits Held to Retire Defeased Bonds				
Due to Other Funds (Note 14)	134,558	272,817	597	
Due to Other Governmental Units	1,578	132,338		
Matured Bonds Payable (Note 2)				92,597
Interest Payable (Note 2)				174,012
Deferred Revenues	270	38,702		
Other Current Liabilities	6	2,148		
Payable from Restricted Assets				
Accounts Payable				
Deposits Payable				
Due to Other Funds (Note 14)				
Due to Other Governmental Units				
Bonds Payable (Note 10)				
Accrued Interest Payable				
Other Current Liabilities				
Advances from Other Funds (Note 14)	23	132,509		
Bonds Payable (Note 10)				
Installment-Purchase Contracts and Capital Leases Payable (Note 11)				
Compensated Absences				
Other Long-Term Liabilities				
Due to Other Governmental Units - Long-Term				
Total Liabilities	282,840	854,475	6,246	266,609

EXHIBIT - A
(Continued)

Proprietary Fund Types		Fiduciary	Account Groups		State	Totals
Enterprise	Internal Service	Fund Types Trust and Agency	General Fixed Assets	General Long-Term Debt	University System Fund Types	(Memorandum Only)
$ 1,011	$ 8,957	$ 75,985	$	$	$ 75,527	$ 573,493
	187	47,849			6,935	70,305
	1					669
		201,193				201,193
205	1,130	39,459			1,935	450,701
	12	2,950,095				3,084,023
8,386	381	44,955				146,319
48,036	27	13,608				235,683
402	476	404			12,703	52,957
	7	78,495			12,312	92,968
13,528						13,528
118						118
26,945						26,945
13,947						13,947
38,806						38,806
52,375						52,375
879						879
138,100	2,078				3,070	275,780
2,056,297				2,716,906	83,589	4,856,792
	17,981	16		19,745	24,450	62,192
1,487	3,585	412		175,332	56,072	236,888
	2			5,534		5,536
51,403						51,403
2,451,925	34,824	3,452,471		2,917,517	276,593	10,543,500

EXHIBIT - A
(Continued)

STATE OF FLORIDA
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 1985
(Shown in Thousands)

	Governmental Fund Types			
	General	Special Revenue	Capital Projects	Debt Service
LIABILITIES AND FUND EQUITY (CONTINUED)				
Fund Equity:				
Contributed Capital				
Investment in General Fixed Assets	$	$	$	$
Retained Earnings:				
Other Reserves				
Unreserved				
Fund Balances:				
Reserved for Encumbrances	48,318	160,486	29,569	
Reserved for Inventories	9,466	18,911		
Reserved for Prepaids and Deposits	43	299		
Reserved for Advances to Other Funds	142,359	132,921		
Reserved for Long-Term Receivables	6,178	6,736		
Reserved for Debt Service				255,779
Reserved for Fixed Capital Outlay	1,536	160,251	62,993	
Reserved for Endowment Principal				
Reserved for Employees' Retirement System				
Other Reserves	584	24,057		
Unreserved	405,430	1,215,000	14,702	
College and University Fund Equity:				
Unrestricted Fund Balance				
Restricted Fund Balance				
Federal Government Grants Refundable				
Endowments/Quasi-Endowments				
Reserved for Encumbrances				
Reserved for Future Health Center Insurance Liability Claims				
Net Investment in Plant				
Total Fund Equity	613,914	1,718,661	107,264	255,779
TOTAL LIABILITIES AND FUND EQUITY	$896,754	$2,573,136	$113,510	$522,388

The accompanying notes to the financial statements are an integral part of this statement.

EXHIBIT - A
(Continued)

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		State University System Fund Types	Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt		
$ 73,240	$185,924	$	$ 4,633,417	$	$	$ 259,164 4,633,417
713,381	37,465 (4,375)					750,846 (4,375)
		832				239,205
						28,377
						342
						275,279
						12,914
						255,780
						224,780
		1,228				1,228
		8,210,639				8,210,639
						24,641
		1,355,499				2,990,631
					219,733	219,733
					56,039	56,039
					47,162	47,162
					1,181	1,181
					77,054	77,054
					3,749	3,749
					1,549,105	1,549,105
786,621	219,014	9,568,198	4,633,417		1,954,023	19,856,891
$3,238,546	$253,838	$13,020,669	$4,633,417	$2,917,517	$2,230,616	$30,400,391

EXHIBIT - B

STATE OF FLORIDA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
For the Fiscal Year Ended June 30, 1985
(Shown in Thousands)

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Debt Service	Expendable Trust	
Revenues:						
Taxes	$5,420,612	$2,495,929	$	$	$ 387,525	$ 8,304,066
Licenses and Permits	18,655	366,141				384,796
Fees	124,723	320,704			78	445,505
Grants	492	2,382,168	495		45,054	2,428,209
Interest	95,124	149,360	2,498	37,287	128,033	412,302
Fines, Forfeitures, and Judgments	5,831	27,926			1	33,758
Refunds	1,273	52,714			11,017	65,004
Other Revenues	2,695	187,865	577	4,899	142	196,178
Insurance Contributions					115,382	116,382
Total Revenues	5,669,405	5,982,807	3,570	42,186	688,232	12,386,200
Expenditures:						
Current						
Economic Opportunities, Agriculture, and Employment	51,505	419,715			284,731	755,951
Public Safety	580,134	79,423	55			659,612
Education	3,148,660	605,345			307	3,754,312
Health and Social Concerns	1,202,771	1,613,856				2,816,627
Housing and Community Development	7,817	51,532				59,349
Natural Resources and Environmental Management	93,590	127,902	15		113	221,620
Recreational and Cultural Opportunities	22,701	34,788	36		804	58,329
Transportation	11,020	299,140			3,149	313,309
Governmental Direction and Support Services	263,890	1,036,421	100	(319)	117,950	1,418,042
Capital Outlay	32,062	661,109	208,346		12	901,529
Debt Service						
Principal Retirement	5,147	1,144		83,404		89,695
Interest and Fiscal Charges	1,096	299		196,072		197,467
Total Expenditures	5,420,393	4,930,674	208,552	279,157	407,066	11,245,842
Excess (Deficiency) of Revenues Over Expenditures	249,012	1,052,133	(204,982)	(236,971)	281,166	1,140,358
Other Financing Sources (Uses)						
Proceeds of Bond Issues		103,539	43,613	8,610	468	156,230
Operating Transfers In	746,821	1,600,146	103,018	245,013	139	2,695,137
Operating Transfers Out	(175,533)	(2,519,150)	(1,767)		(940)	(2,697,390)
Proceeds of Financing Agreements	3,939	812				4,751
Appropriations - State University System	(669,421)					(669,421)
Total Other Financing Sources (Uses)	(94,194)	(814,653)	144,864	253,623	(333)	(510,693)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	154,818	237,480	(60,118)	16,652	280,833	629,665
Fund Balances, July 1, 1984	441,300	1,478,856	161,199	301,295	1,075,834	3,458,484
Adjustments to Increase (Decrease) Beginning Fund Balances (Note 19)	12,816	6,943	6,183	(62,168)		(36,226)
Fund Balances, July 1, 1984, as Restated	454,116	1,485,799	167,382	239,127	1,075,834	3,422,258
Residual Equity Transfers	6,707	(6,771)			5	(59)
Increase (Decrease) in Reserve for Inventories	(1,727)	2,153				426
Fund Balances, June 30, 1985	$ 613,914	$1,718,661	$ 107,264	$ 255,779	$1,356,672	$ 4,052,290

The accompanying notes to the financial statements are an integral part of this statement.

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EXHIBIT - C

STATE OF FLORIDA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND TYPES
For the Fiscal Year Ended June 30, 1985
(Shown in Thousands)

	General Fund		
	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:			
Taxes	$	$5,420,612	$
Licenses and Permits		18,655	
Fees		124,723	
Grants		492	
Interest		95,124	
Fines, Forfeitures, and Judgments		5,831	
Refunds		1,273	
Other Revenues		2,695	
Total Revenues	5,579,440	5,669,405	89,965
Expenditures:			
Legislative Branch	66,021	57,477	8,544
Judicial Branch	217,051	216,205	846
Executive Office of the Governor	15,691	14,780	911
Department of Legal Affairs	9,435	9,283	152
Department of Agriculture and Consumer Services	63,873	62,043	1,830
Department of Banking and Finance	75,151	73,552	1,599
Department of State	26,903	26,704	199
Department of Insurance and Treasurer	1,670	1,668	2
Department of Commerce	19,857	19,721	136
Department of Education	3,182,163	3,155,789	26,374
Department of Administration	4,274	4,163	111
Department of Community Affairs	12,767	8,841	3,926
Department of Business Regulation	8,931	8,719	212
Department of Labor and Employment Security	2,938	2,730	208
Department of Transportation	11,172	11,172	
Department of Environmental Regulation	24,667	24,648	19
Department of Professional Regulation			
Department of Health and Rehabilitative Services	1,219,516	1,203,510	16,006
Public Service Commission			
Department of Military Affairs	2,901	2,807	94
Commission on Ethics	399	382	17
Department of Corrections	315,479	314,128	1,351
Department of Law Enforcement	38,009	36,869	1,140
Department of General Services	9,953	5,753	4,200
Department of Revenue	26,063	21,350	4,713
Department of Natural Resources	20,565	20,262	303
Department of Highway Safety and Motor Vehicles	103,597	101,924	1,673
Game and Fresh Water Fish Commission	11,684	11,610	74
Parole and Probation Commission	4,338	4,303	35
State Board of Administration			
Department of Citrus			
Total Expenditures	5,495,068	5,420,393	74,675
Excess (Deficiency) of Revenues Over Expenditures	84,372	249,012	164,640

EXHIBIT - C

Special Revenue Funds			Totals (Memorandum Only)		
Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
$	$ 2,495,929	$	$	$ 7,916,541	$
	366,141			384,796	
	320,704			445,427	
	2,382,168			2,382,660	
	149,360			244,484	
	27,926			33,757	
	52,714			53,987	
	187,865			190,560	
7,332,012	5,982,807	(1,349,205)	12,911,452	11,652,212	(1,259,240)
3,188	2,934	254	69,209	60,411	8,798
6,241	3,844	2,397	223,292	220,049	3,243
12,355	4,519	7,836	28,046	19,299	8,747
2,494	2,204	290	11,929	11,487	442
56,003	44,212	11,791	119,876	106,255	13,621
11,555	10,714	841	86,706	84,266	2,440
21,235	13,109	8,126	48,138	39,813	8,325
56,783	51,924	4,859	58,453	53,592	4,861
27,014	7,267	19,747	46,871	26,988	19,883
993,289	627,549	365,740	4,175,452	3,783,338	392,114
6,808	6,274	534	11,082	10,437	645
95,674	46,435	49,239	108,441	55,276	53,165
98,501	65,344	33,157	107,432	74,063	33,369
258,854	201,552	57,302	261,792	204,282	57,510
1,408,724	939,718	469,006	1,419,896	950,890	469,006
253,661	71,500	182,161	278,328	96,148	182,180
23,461	21,573	1,888	23,461	21,573	1,888
1,689,629	1,597,537	92,092	2,909,145	2,801,047	108,098
13,933	12,374	1,559	13,933	12,374	1,559
4,195	3,895	300	7,096	6,702	394
			399	382	17
23,347	14,569	8,778	338,826	328,697	10,129
6,941	5,802	1,139	44,950	42,671	2,279
180	102	78	10,133	5,855	4,278
1,512,142	906,291	605,851	1,538,205	927,641	610,564
88,345	62,366	25,979	108,910	82,628	26,282
44,090	37,791	6,299	147,687	139,715	7,972
21,136	15,342	5,794	32,820	26,952	5,868
			4,338	4,303	35
108,133	108,133		108,133	108,133	
69,823	45,800	24,023	69,823	45,800	24,023
6,917,734	4,930,674	1,987,060	12,412,802	10,351,067	2,061,735
414,278	1,052,133	637,855	498,650	1,301,145	802,495

EXHIBIT - C
(Continued)

STATE OF FLORIDA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND TYPES
For the Fiscal Year Ended June 30, 1985
(Shown in Thousands)

	General Fund		
	Budget	Actual	Variance - Favorable (Unfavorable)
Other Financing Sources (Uses)			
Proceeds of Bond Issues	$	$	$
Operating Transfers In	746,821	746,821	
Operating Transfers Out	(175,533)	(175,533)	
Proceeds of Financing Agreements	3,939	3,939	
Appropriations - State University System	(669,421)	(669,421)	
Total Other Financing Sources (Uses)	(94,194)	(94,194)	
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(9,822)	154,818	164,640
Fund Balances, July 1, 1984	58,140	441,300	383,160
Adjustments to Increase (Decrease) Beginning Fund Balances (Note 19)		12,816	12,816
Fund Balances, July 1, 1984, as Restated	58,140	454,116	395,976
Residual Equity Transfers		6,707	6,707
Increase (Decrease) in Reserve for Inventories		(1,727)	(1,727)
Fund Balances, June 30, 1985	$ 48,318	$ 613,914	$565,596

The accompanying notes to the financial statements are an integral part of this statement.

EXHIBIT - C
(Continued)

Special Revenue Funds			Totals (Memorandum Only)		
Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
$ 103,539	$ 103,539	$	$ 103,539	$ 103,539	$
500,000	1,600,146	1,100,146	1,246,821	2,346,967	1,100,146
(2,518,364)	(2,519,150)	(786)	(2,693,897)	(2,694,683)	(786)
812	812		4,751	4,751	
			(669,421)	(669,421)	
(1,914,013)	(814,653)	1,099,360	(2,008,207)	(908,847)	1,099,360
(1,499,735)	237,480	1,737,215	(1,509,557)	392,298	1,901,855
1,660,221	1,478,856	(181,365)	1,718,361	1,920,156	201,795
	6,943	6,943		19,759	19,759
1,660,221	1,485,799	(174,422)	1,718,361	1,939,915	221,554
	(6,771)	(6,771)		(64)	(64)
	2,153	2,153		426	426
$ 160,486	$ 1,718,661	$ 1,558,175	$ 208,804	$ 2,332,575	$ 2,123,771

EXHIBIT - D

STATE OF FLORIDA
COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
RETAINED EARNINGS/FUND BALANCES - ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
For the Fiscal Year Ended June 30, 1985
(Shown in Thousands)

	Proprietary Fund Types		Fiduciary Fund Types		Totals
	Enterprise	Internal Service	Nonexpendable Trust	Pension Trust	(Memorandum Only)
Operating Revenues:					
Sales - State	$ 293	$ 92,201	$	$	$ 92,494
Sales - NonState	166,813	6,025			172,838
Rents - State		20,831			20,831
Rents and Royalties - NonState		229			229
Interest	106,189			591,685	697,874
Gain on Sale of Investments				66,010	66,010
Pension Fund Contributions				905,434	905,434
Other	13,534	1,656		45,182	60,372
Total Operating Revenues	286,829	120,942		1,608,311	2,016,082
Operating Expenses:					
Personal Services	35,482	33,263		10,029	78,774
Contractual Services	25,028	13,205		4,326	42,559
Material and Supplies	6,633	52,200			58,833
Amortization and Write-Offs	7,190	1,566			8,756
Depreciation	3,145	10,417			13,562
Insurance Claims		22,461			22,461
Cost of Goods Sold	19,454				19,454
Benefit Payments				418,956	418,956
Interest	123,950	1,556		9,400	134,946
Repairs and Maintenance	15	1,713			1,728
Total Operating Expenses	220,937	136,381		442,711	800,029
Operating Income	65,892	(15,439)		1,165,600	1,216,053
Nonoperating Revenues (Expenses):					
Fines and Forfeitures	18				18
Gifts, Donations, and Contributions	785			3,904	4,689
Interest	20,663	5,441	139	(1)	26,242
Other	509	28		(3,184)	(2,647)
Gain or Loss on Sale of Property	(9)	10			1
Total Nonoperating Revenues (Expenses)	21,966	5,479	139	719	28,303
Income Before Operating Transfers	87,858	(9,960)	139	1,166,319	1,244,356
Operating Transfers In (Out)	1,309	1,083	(139)		2,253
Net Income	89,167	(8,877)		1,166,319	1,246,609
Retained Earnings/Fund Balances, July 1, 1984	618,205	18,791	1,209	7,043,998	7,682,203
Adjustments to Increase (Decrease) Beginning Retained Earnings/ Fund Balances (Note 19)	5,949	23,176			29,125
Retained Earnings/Fund Balances, July 1, 1984, as Restated	624,154	41,967	1,209	7,043,998	7,711,328
Residual Equity Transfers	60				60
Retained Earnings/Fund Balances, June 30, 1985	$713,381	$ 33,090	$1,209	$8,210,317	$8,957,997

The accompanying notes to the financial statements are an integral part of this statement.

STATE OF FLORIDA
COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION -
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
For the Fiscal Year Ended June 30, 1985
(Shown in Thousands)

EXHIBIT - E

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Pension Trust	
Sources of Working Capital:				
Operations:				
Net Income	$ 89,167	$ (8,877)	$1,166,319	$1,246,609
Items Not Requiring (Providing) Working Capital:				
Depreciation	3,145	10,417		13,562
Amortization	7,190	1,566		8,756
Increase (Decrease) in Compensated Absence Liability	(1,863)	282	(3)	(1,584)
Loss on Disposal of Fixed Assets	9	(10)		(1)
Other	50	13	101	164
Working Capital Provided by Operations	97,698	3,391	1,166,417	1,267,506
Increase in Long-Term Liabilities	896,515	2,777		899,292
Advances from Other Funds	4,503			4,503
Proceeds from Disposal of Long-Term Investments		443		443
Capital Contributions	73,204	3,155		76,359
Prior Period Adjustments	5,949	23,176		29,125
Net Increase in Liabilities Payable from Restricted Assets	42,399			42,399
Proceeds from Other Long-Term Debt	35,345			35,345
Total Sources of Working Capital	1,155,613	32,942	1,166,417	2,354,972
Uses of Working Capital:				
Purchase of Long-Term Investments		7,777		7,777
Origination of Long-Term Loans	427,909			427,909
Payment of Other Long-Term Liabilities		451	18	469
Increase in Fixed Assets	252,915	9,884		262,799
Increase in Deferred Fiscal Charges	311			311
Residual Equity Transfers	60			60
Net Increase in Restricted Assets	474,444			474,444
Total Uses of Working Capital	1,155,639	18,112	18	1,173,769
Net Increase (Decrease) in Working Capital	$ (26)	$ 14,830	$1,166,399	$1,181,203

EXHIBIT - E
(Continued)

STATE OF FLORIDA
COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION -
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
For the Fiscal Year Ended June 30, 1985
(Shown in Thousands)

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Pension Trust	
Elements of Net Increase (Decrease) in Working Capital:				
Cash and Investments	$ 16,739	$(12,345)	$1,162,703	$1,167,097
Receivables	38	431	6,700	7,169
Due from Other Funds	3	1,099	(535)	567
Inventories	71	38		109
Other Assets	(8)	(25)	(1,043)	(1,076)
Accounts Payable	(491)	1,069	(1,885)	(1,307)
Due to Other Funds	(88)	(913)	(255)	(1,256)
Deferred Revenue	2,729	5,167		7,896
Bonds Payable, Current (Net)		394		394
Interest Payable	(18,837)	78		(18,759)
Other Liabilities	(182)	19,837	714	20,369
Net Increase (Decrease) in Working Capital	$ (26)	$ 14,830	$1,166,399	$1,181,203

The accompanying notes to the financial statements are an integral part of this statement.

EXHIBIT - F

STATE OF FLORIDA
STATE UNIVERSITY SYSTEM
CONSOLIDATED STATEMENT OF CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 1985
(Shown in Thousands)

	Current Funds		Loan	Endowment	Plant Fund Group			
	Unrestricted	Restricted	Funds	Funds	Unexpended	Renewal and Replacement	Retirement of Indebtedness	Investment in Plant
Revenues and Other Additions:								
Unrestricted Current Fund Revenues	$848,872	$	$	$	$	$	$	$
Auxiliary Enterprises Revenues	108,886							
State Appropriations - Restricted		1,884			39,633			
Federal Appropriations - Restricted		5,937						
Governmental Grants and Contracts - Restricted		168,840	818		132		127	
Private Gifts, Grants, and Contracts - Restricted		45,485	196		5,251	59	45	1,688
Investment Income - Restricted		3,839	674	98	2,953	438	898	
Endowment Income - Restricted			9					
Federal Government Advances			1,853					
Interest on Loans Receivable			1,554					
Expended for Plant Facilities								184,809
Retirement of Indebtedness					1,000			5,645
Reimbursement for Insurance Claims						134		
Student Tuition and Fees - Restricted							6,329	
Other Revenues and Additions		632	6		61	2	183	
Total Revenues and Other Additions	957,758	226,617	5,110	98	49,030	633	7,582	192,142
Expenditures and Other Deductions:								
Educational and General Expenditures	837,856	217,882						
Auxiliary Enterprises Expenditures	108,810							
Indirect Costs Recovered		3,242	19					
Loan Cancellations and Write-Offs			1,703					
Administration and Collection Costs			518				8	
Bad Debt Expense		1	3,239					
Refunded to Grantors	4	334	302		186			
Expended for Plant Facilities					110,465	437		
Retirement of Indebtedness							4,300	
Interest on Indebtedness							6,377	
Disposal of Plant Facilities								9,721
Resources Remitted to Other Departments								272
Resources Remitted to Shands Teaching Hospital, Inc.								62,700
Excess Incidental Income Remitted to State	1,554							
Reversions	1,613				739			
Other Expenditures and Deductions			3	48				
Total Expenditures and Other Deductions	949,837	221,459	5,784	48	111,390	437	10,685	72,693

STATE OF FLORIDA
STATE UNIVERSITY SYSTEM
CONSOLIDATED STATEMENT OF CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 1985
(Shown in Thousands)

EXHIBIT - F
(Continued)

	Current Funds		Loan Funds	Endowment Funds	Plant Fund Group			
	Unrestricted	Restricted			Unexpended	Renewal and Replacement	Retirement of Indebtedness	Investment in Plant
Transfers Among Funds - Additions (Deductions):								
Mandatory								
Principal and Interest	$ (3,190)	$	$	$	$	$	$ 3,190	$
Renewals and Replacements	(128)					451	(323)	
Loan Fund Matching Grants	(71)		71					
Other Mandatory Transfers	(169)	169				(291)	291	
Nonmandatory	(1,603)	276	(455)	(39)	2,267	(639)	193	
Total Transfers Among Funds	(5,161)	445	(384)	(39)	2,267	(479)	3,351	
Net Increase (Decrease) for the Year	2,760	5,603	(1,058)	11	(60,093)	(283)	248	119,449
Fund Balances, July 1, 1984	101,392	46,968	68,116	1,170	229,327	5,461	8,423	1,430,332
Adjustments to Beginning Fund Balances	(2,368)	(224)	25		(560)			(676)
Fund Balances, July 1, 1984, as Restated	99,024	46,744	68,141	1,170	228,767	5,461	8,423	1,429,656
Fund Balances, June 30, 1985	$101,784	$ 52,347	$67,083	$1,181	$168,674	$5,178	$ 8,671	$1,549,105

The accompanying notes to the financial statements are an integral part of this statement.

EXHIBIT - G

STATE OF FLORIDA
STATE UNIVERSITY SYSTEM
CONSOLIDATED STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES, AND OTHER CHANGES
For the Fiscal Year Ended June 30, 1985
(Shown in Thousands)

	Unrestricted	Restricted	Total
Revenues:			
Educational and General:			
Student Tuition and Fees	$123,219	$	$ 123,219
Governmental Appropriations - State	667,841	1,813	669,654
Governmental Appropriations - Federal	25	5,628	5,653
Grants, Contracts, and Gifts - Governmental	3,452	166,802	170,254
Grants, Contracts, and Gifts - Private	27,980	38,227	66,207
Sales and Services of Educational Activities	14,568	6	14,574
Indirect Cost Recoveries	2,259		2,259
Investment Income	2,444	4,773	7,217
Other Sources	7,084	633	7,717
Total Educational and General	848,872	217,882	1,066,754
Auxiliary Enterprises:			
Sales and Services - Operations	94,132		94,132
Student Fees	10,639		10,639
Investment Income	4,115		4,115
Total Auxiliary Enterprises	108,886		108,886
Total Revenues	957,758	217,882	1,175,640
Expenditures and Mandatory Transfers:			
Educational and General:			
Instruction	407,402	27,072	434,474
Research	77,592	104,556	182,148
Public Service	24,126	22,743	46,869
Academic Support	78,668	7,224	85,892
Student Services	35,315	2,559	37,874
Institutional Support	119,581	15,098	134,679
Operation and Maintenance of Plant	89,576	34	89,610
Scholarships and Fellowships	5,596	38,596	44,192
Total Educational and General Expenditures	837,856	217,882	1,055,738
Mandatory Transfers:			
Principal and Interest	883		883
Loan Fund Matching Grants	71		71
Other Mandatory Transfers	169	(169)	
Total Educational and General	838,979	217,713	1,056,692
Auxiliary Enterprises:			
Expenditures	108,810		108,810
Mandatory Transfers:			
Principal and Interest	2,307		2,307
Renewals and Replacements	128		128
Total Auxiliary Enterprises	111,245		111,245
Total Expenditures and Mandatory Transfers	950,224	217,713	1,167,937

EXHIBIT - G
(Continued)

STATE OF FLORIDA
STATE UNIVERSITY SYSTEM
CONSOLIDATED STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES, AND OTHER CHANGES
For the Fiscal Year Ended June 30, 1985
(Shown in Thousands)

	Unrestricted	Restricted	Total
Other Transfers and Additions (Deductions):			
Excess of Restricted Receipts Over Transfers to Revenues	$	$ 5,492	$ 5,492
Nonmandatory Transfers	(1,603)	276	(1,327)
Refunded to Grantors	(4)	(334)	(338)
Excess Incidental Income Remitted to State	(1,554)		(1,554)
Reversions	(1,613)		(1,613)
Total Other Transfers and Additions (Deductions)	(4,774)	5,434	660
Net Increase in Fund Balances	$ 2,760	$ 5,603	$ 8,363

The accompanying notes to the financial statements are an integral part of this statement.

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EXHIBIT - H

STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS
June 30, 1985

INTRODUCTION

The Territory of Florida was acquired by treaty from Spain in 1821 and was admitted to the Union as a State on March 3, 1845. The capital city, Tallahassee, is located in the northwest portion of the State. Florida encompasses an area of 58,560 square miles, and its general coastline is 1,200 miles in length.

The "Sunshine State" is divided into 67 counties having a population estimated to be 11.3 million in April 1985, representing a 15.7 percent increase over the population of 9.7 million reported by the 1980 Federal Census when Florida ranked seventh among the states in population. The powers of government are divided among the Legislature, consisting of an elected Senate and House of Representatives; an appointed Supreme Court; and the Executive branch, consisting of an elected Governor and Lieutenant Governor and a six-member elected Cabinet. The Cabinet is comprised of the Secretary of State, the Attorney General, the Comptroller, the Treasurer, the Commissioner of Agriculture, and the Commissioner of Education.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following summary of Florida's significant accounting policies is presented to assist the reader in interpreting the financial statements. These policies should be viewed as an integral part of the accompanying financial statements.

A. Reporting Entity

The State of Florida reporting entity consists of the State's Legislative agencies, the Governor, Cabinet, and the State departments, commissions, and boards of the Executive branch, and the various offices relating to the Judicial branch of State government.

Criteria for defining the reporting entity, identified and described in Codification of Governmental Accounting and Financial Reporting Standards, Sections 2100 and 2600, were considered in identifying the units of government comprising the State reporting entity. These criteria, relating to the manifestation of oversight responsibility and to the scope of public service, were used to evaluate potential State reporting entity component units.

STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS
June 30, 1985

These evaluations resulted in positive responses to the criteria regarding oversight of the 28 State-supported community colleges located throughout the State. However, in the judgment of management, exclusion of these potential component units from the State reporting entity is necessary to properly depict the State's placement of operational responsibility for these functions at the local level. For purposes of fiscal accountability and financial reporting, these entities are considered to be independent districts.

B. Basis of Presentation

The State's financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

The financial position of the State University System is presented on the Combined Balance Sheet - All Fund Types and Account Groups in a separate column in recognition that the accounting principles applied to the State University System fund types differ materially from those applied to the State's other fund types and account groups.

The State University System accompanying Consolidated Statement of Changes in Fund Balances and the accompanying Consolidated Statement of Current Funds Revenues, Expenditures, and Other Changes follow a form recommended by the National Association of College and University Business Officers and the American Institute of Certified Public Accountants. The State University System Consolidated Statement of Current Funds Revenues, Expenditures, and Other Changes is a statement of financial activities of current funds related to the current reporting period. This statement does not purport to present the results of operations or the net income or loss for the period as would a statement of income or a statement of revenues and expenses.

Several nonprofit organizations operate for or on behalf of the State University System, but inasmuch as they are separate legal entities, they are not component units of the State reporting entity. Accordingly, financial statements of the State University System do not include statements of financial position or results of operations for these organizations. Combined financial information summarized from the financial statements of these nonprofit organizations is shown separately in note 15.

Separate nonprofit corporations are established to account for professional fees generated by physicians and dentists engaged in the private practice of medicine at the University of Florida and the University of South Florida. The State University System financial statements do not include the professional fee clearing funds established to account for professional fees.

Total columns on the accompanying combined financial statements are captioned "Memorandum Only" because they are presented only to facilitate financial analyses. Inasmuch as the total columns include fund types and account groups that use different bases of accounting, include both restricted and unrestricted amounts, and include interfund transactions that have not been eliminated, data in the total columns are not intended to present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

C. Fund Accounting

The State of Florida's accounting systems are organized on the basis of funds and account groups. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund equity, revenues, either expenditures or expenses depending on fund type, and other financing sources and uses.

Governmental fund types, proprietary fund types, fiduciary fund types, and account groups are used to record transactions relating to all State activities, except those pertaining to the State University System. State University System transactions are recorded in State University System fund types. The several funds and account groups are described below:

GOVERNMENTAL FUND TYPES

General Fund - The General Fund is the principal fund used to account for general governmental activities of Florida. All financial transactions not required to be accounted for in other funds are accounted for in the General Fund.

Special Revenue Funds - Special Revenue Funds are used to account for revenues which are legally restricted to expenditures for specific purposes. Principal sources

of legally restricted revenues are motor fuel taxes and Federal grants.

Capital Projects Funds - Capital Projects Funds are used to account for resources used for the acquisition or construction of major facilities other than those financed from the General Fund, Special Revenue Funds, Enterprise Funds, Internal Service Funds, Trust Funds, or University Funds.

Debt Service Funds - Debt Service Funds are used to account for resources earmarked to pay principal, interest, and service charges on general long-term debt.

PROPRIETARY FUND TYPES

Enterprise Funds - Enterprise Funds are used to account for activities that are financed and operated in a manner similar to private business enterprises: (1) where the costs of providing goods or services to the general public on a continuing basis are to be financed or recovered through user charges; or (2) where the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate. Certain segment information relative to Enterprise Funds is presented in note 21.

Internal Service Funds - Internal Service Funds are used to account for the financing of goods or services provided on a continuing basis by one department to other departments or other governmental units on a cost-reimbursement basis.

FIDUCIARY FUND TYPES

Fiduciary Funds consist of Trust Funds and Agency Funds which are used to account for financial resources held or administered by the State in a trustee capacity or as an agent for individuals, private organizations, other governmental units, or other funds. Each Trust Fund is classified for accounting purposes as either a governmental fund type or a proprietary fund type. Thus, Expendable Trust Funds are accounted for in the same manner as governmental funds, and Nonexpendable Trust Funds and Pension Trust Funds are accounted for in the same manner as proprietary funds. Agency Funds are purely custodial in nature, that is, all assets are held for others; accordingly, assets equal liabilities.

Their accounting does not involve measurement of results of operations.

ACCOUNT GROUPS

The General Fixed Assets Account Group is used to establish accounting control for general fixed assets. General fixed assets are usually acquired with resources of governmental fund types and used in association with governmental fund activities.

The General Long-Term Debt Account Group is used to establish accounting control for long-term debts and other long term obligations of governmental fund types. Long-term obligations of funds using proprietary fund accounting are reported as liabilities in those funds rather than in the General Long-Term Debt Account Group.

Neither of the account groups are funds. They consist of self-balancing sets of accounts and are used only to establish accounting control over general fixed assets and general long-term obligations. Account groups are not used to account for available resources or the actual acquisition of fixed assets or payment of liabilities.

STATE UNIVERSITY SYSTEM FUND TYPES

Current Funds - Current Funds are used to account for those economic resources which are expendable for operational purposes in performing the primary objectives of the State University System. Resources restricted by donors or other outside agencies for specific current operating purposes are reported as Restricted Current Funds; resources not so restricted are reported as Unrestricted Current Funds.

Loan Funds - Loan Funds are used to account for resources available for loans to students. The terms of the loan agreements with donors usually specify that the money be used on a revolving basis, that is, repayments of principal and interest by a student borrower are restored to the fund and loaned to other students.

Endowment Funds - Endowment Funds are used to account for gifts which the donors or outside agencies have stipulated, as a condition of the gift, that the principal is to be maintained inviolate in perpetuity

and invested for the purpose of producing income. The income from these investments is reported in the fund for which it is to be used.

Unexpended Plant Funds - Unexpended Plant Funds are used to account for resources received from various sources to finance the acquisition of long-lasting plant assets and liabilities associated with those resources.

Renewal and Replacement Plant Funds - Renewal and Replacement Plant Funds are used to account for resources provided for the renewal and replacement of Plant Fund assets as distinguished from resources used for additions and improvements to plant.

Retirement of Indebtedness Funds - Retirement of Indebtedness Funds are used to account for the accumulation of resources to be used for payment of principal and interest and other debt service charges, including contributions for sinking funds, relating to Plant Fund indebtedness.

Investment in Plant Fund - The Investment in Plant Fund is used to account for all long-lasting assets and their associated liabilities used in activities of the State University System except for the long-lasting assets accounted for as investments in Endowment Funds.

Agency Funds - The Agency Funds are used to account for and report funds held by the institutions of the State University System as custodian or fiscal agent for others.

D. Measurement Focus

Measurement focus refers to the determination as to which assets and which liabilities are included in presenting the financial position of a fund and to whether the related operating statements present financial flow information (revenues and expenditures) or capital maintenance information (revenues and expenses).

All governmental fund types and Expendable Trust Funds are accounted for using a financial flow measurement focus. Generally, only current assets and current liabilities are included in the presentation of financial position, and operating statements present increases and decreases in net current assets. The reported unreserved fund balances are

considered a measure of resources available for appropriation.

Proprietary fund types, university system fund types, Nonexpendable Trust Funds, and Pension Trust Funds are accounted for using a capital maintenance measurement focus. All assets and liabilities are included in the presentation of financial position and the reported fund equity provides a measure of the respective fund's net worth. Operating statements report increases and decreases in net worth.

E. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental fund types and Expendable Trust Funds are accounted for using the modified accrual basis of accounting. Their revenues, except for certain grant revenues, are recognized when they become measurable and available as net current assets. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for grant funds, revenue is recognized at the time the expenditure is made.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) prepaid expenses generally are not recorded in governmental funds; and (2) principal and interest on general long-term debt are recognized when due.

All proprietary fund types, university fund types, Nonexpendable Trust Funds, and Pension Trust Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when incurred. Exceptions to this general rule include: (1) revenue and faculty salaries of State University System summer sessions are reported in the fiscal year in which the academic session predominately falls; and (2) certain revenues are recognized when expenditures are made for current operating purposes.

To the extent that University current funds are used to finance asset acquisitions, the amounts so provided are

accounted for as: (1) expenditures, in the case of normal replacement of movable equipment and library books; (2) mandatory transfers, in the case of required provisions for debt amortization, interest, and equipment renewal and replacement; and (3) transfers of a nonmandatory nature for all other cases.

F. Budget Basis Accounting

The State of Florida follows these procedures in the adoption, amendment, and reporting of budgets and budgetary data.

As provided by Chapter 216, Florida Statutes, each State agency biennially submits a Legislative budget request to the Legislature and to the Executive Office of the Governor. At least 45 days before the scheduled annual Legislative session in each odd-numbered year, the Governor furnishes each senator and representative a copy of his recommended budget for the State. The Governor's recommended budget is referenced to the budget requests of the individual agencies and is separated into two sections respectively entitled "Operations" and "Fixed Capital Outlay."

The Governor also provides estimates of revenues for the General Revenue Fund and for trust funds (the legal basis funds for activities not financed from General Revenue appropriations) of the State. By law, the estimated revenues shall be sufficient to fund recommended appropriations. Such revenue estimates include:

- An estimate of revenues from current revenue sources during the current biennium and during the next biennium;
- An estimate of the effect of recommended changes in revenue sources on revenues from current sources;
- The national and State economic assumptions used in developing the estimates; and
- A delineation of revenues from all sources, which identifies those revenues which are recurring and those which are nonrecurring.

Florida law provides for the Governor's estimates of revenue to be prepared on the basis of legal funds as prescribed in Section 215.32, Florida Statutes, rather than

fund types prescribed by generally accepted accounting principles; however, State agencies are required to maintain accounting records providing data for financial statement preparation in accordance with generally accepted accounting principles. Accordingly, budgetary comparisons of authorized and actual expenditures presented on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual have been grouped by fund types, as prescribed by generally accepted accounting principles, and the budgeted revenues reported represent revenues required to fund authorized expenditures rather than estimates of gross revenues accruing to those funds.

Although specific revenue estimates are not available for the fund types presented on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual, the Florida Consensus Estimating Conference, a group of State officers and employees including the professional staffs of the Governor's Office, the Legislature, and certain other executive agencies, estimated that amounts available for General Revenue Fund appropriation during the 1984-85 fiscal year would total $6,404,300,000 as shown in the following tabulation (in thousands):

Balance Forward from Fiscal Year 1983-84	$ 121,100
Estimated Revenues	6,279,800
Working Capital Fund Interest	2,800
Cancellation of Warrants	600
Total Fiscal Year 1984-85 General Revenue Funds Available	$6,404,300

The General Appropriations Act and supporting Statement of Intent and any other acts containing appropriations are considered the original approved operating budgets for operational and fixed capital outlay expenditures. The Executive Office of the Governor may amend the original approved operating budgets in the manner and to the extent authorized by law. The Comptroller authorizes expenditures to be made on the basis of appropriation releases as authorized by the Executive Office of the Governor. All appropriations are considered to be maximum appropriations and are contingent upon the collection of sufficient revenues to meet and provide for such appropriations. It is the duty of the Governor, as chief budget officer, and the Comptroller

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to ensure that amounts appropriated and expended do not exceed available resources.

Pursuant to Chapter 216, Florida Statutes, annual appropriations are to be used to control: (1) authorized expenditures incurred during the current fiscal year; (2) encumbrances outstanding at year-end approved for liquidation in the subsequent year; and (3) legal, due, and unpaid obligations relating to prior year appropriations which have lapsed. Budgetary information is integrated into the State's accounting system.

Actual data presented on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual was determined in accordance with generally accepted accounting principles and includes authorized expenditures and other financing uses incurred during the fiscal year. As the budgetary basis of accounting described in Chapter 216, Florida Statutes, differs from the basis of accounting used to recognize and report revenues and expenditures in accordance with generally accepted accounting principles, the budgetary data presented in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual has been adjusted to permit comparison with actual data.

To present budgeted expenditures and actual expenditures on a comparable basis, budgeted expenditures represent:

- Releases of 1983-84 appropriations approved for 1984-85 expenditures, and

- Releases of 1984-85 appropriations as reduced by amounts of outstanding encumbrances at June 30, 1985, for which expenditure authority was carried forward to the 1985-86 fiscal year as authorized by Section 216.301, Florida Statutes.

Adjustments to permit comparison of amounts authorized for expenditure with amounts appropriated are as follows (in thousands):

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	General Fund	Special Revenue Funds
Current Appropriations	$6,360,736	$ 7,957,598
Reserves	(38,690)	(22,093)
Donated Food	4,215	46
1985-86 Expenditures Authorized from 1984-85 Appropriations	(48,318)	(160,486)
1984-85 Expenditures Charged to 1983-84 Appropriations	58,140	1,660,221
Budgeted for Operating Transfers Out	(844,954)	(2,518,364)
Amounts Relating to the Capitalization of Assets Acquired by Installment Purchase or Capital Lease	3,939	812
Total Budgeted Expenditures	$5,495,068	$ 6,917,734

G. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of money are recorded in order to reserve that portion of the applicable appropriation, is employed primarily as an extension of formal budgetary integration in the General Fund, Special Revenue Funds, and State University System Funds. Encumbrances outstanding at year-end are reported as reservations of fund balances.

H. Cash and Cash Equivalents in Bank

In addition to demand and time deposits, the cash and cash equivalents classification includes short-term investments, such as certificates of deposit, repurchase agreements, and United States Treasury Bills. These investments are stated at cost, which approximates market. As required by State law, public depositories pledge collateral to secure State money on deposit.

I. Investments

Investments, other than fixed-income securities of the Pension Trust Funds, are valued at average cost or cost calculated using the first-in, first-out method. Fixed

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income securities of the Pension Trust Funds are valued at amortized cost.

J. Inventories

With the exception of the State University System, most inventories consist of expendable supplies although the inventories in most funds include small quantities of goods purchased for resale.

Methods of recording expenditures for inventories include both the consumption method and the purchases method, depending on the type of inventory and individual department accounting policy. Under the consumption method, inventories are recorded as expenditures when used or consumed. Under the purchases method, inventories are recorded as expenditures when purchased rather than when subsequently used.

Inventories accounted for using the purchases method are included on the combined balance sheet by recording an offsetting fund balance reserve for the value of such inventories reported.

Significant inventory values are reported in the General Fund, Special Revenue Funds, proprietary fund types, and State University System Funds. Accounting methods, including valuation, vary for different inventories. The most common are described below:

General Fund

Most inventories of the General Fund are accounted for using the purchases method and are valued at either cost (using various costing methods) or lower of cost or market.

Special Revenue Funds

Most inventories of the Special Revenue Funds are valued at cost using various costing methods of determining cost.

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Proprietary Fund Types

Inventories of proprietary fund types are expensed using the consumption method and are valued at either cost or the lower of cost or market, with cost determined using either the moving-average or last-invoice-price method.

State University System Funds

Inventories reported by the State University System consist of $1,934,718 of expendable supplies and $8,027,086 of goods for resale. Both categories of inventory are expensed when consumed. Most of the inventories are valued at cost using the last-invoice-price method of determining cost.

K. Due from Other Governmental Units

Included in the amounts reported as Due from Other Governmental Units are amounts due from the Federal government, local governments, and other governments. The majority of amounts due from the Federal government represent expenditures in excess of funds received for Federal programs. The major amount due from local governments is Federal social security taxes due to Florida's clearing fund for such taxes.

L. Fixed Assets and Depreciation

Expenditures for fixed assets acquired or constructed for general governmental purposes are reported in the governmental fund types and Expendable Trust Funds that financed the acquisition or construction, whereas the fixed assets so acquired are capitalized (recorded) at cost in the General Fixed Assets Account Group, except for public domain (infrastructure) general fixed assets which are generally not capitalized. General fixed assets are not depreciated.

Fixed assets acquired or constructed by proprietary fund types, Nonexpendable Trust Funds, and Pension Trust Funds are capitalized in the fund financing the acquisition or construction. They are recorded at cost and depreciated principally on a straight-line basis over useful lives ranging from 30 to 50 years for buildings and improvements and 3 to 10 years for machinery, equipment, and library resources. Revenue-producing toll facilities (roads and bridges) are recorded as improvements other than buildings in

the amount of $1,077,946,480. They are considered to be inexhaustible assets and accordingly are not depreciated.

Generally, State University System fixed assets are stated at cost and are not depreciated.

Not included in reported fixed assets are the collections of the Florida State Museum and the Museum of Florida History. The Florida State Museum at the University of Florida contains collections of approximately 6,000,000 biological, archaeological, and ethnographic items. The Museum of Florida History, located in Tallahassee, currently has over 100,000 artifacts illustrating the history of Florida since the arrival of human beings on the peninsula. It also has access to collections that include: Florida upland and underwater archaeology, 1,000,000 items; Florida archives, 6,000,000 items; and Florida and Spanish colonial numismatics, 30,000 items. Although these collections are considered irreplaceable and quite valuable, no attempt has been made to place a dollar value on these collections.

M. Long-Term Debt

Long-term obligations that will be financed from resources to be received in the future by governmental fund types and Expendable Trust Funds are reported in the General Long-Term Debt Account Group, not in individual funds. Long-term obligations to be financed from proprietary fund types, Pension Trust Funds, and State University System Funds are recorded in the applicable funds rather than in the General Long-Term Debt Account Group.

N. Compensated Absences

Employees earn the right to be compensated during absences for vacation and sick leave. Within limits established by law or rule, unused leave benefits will be paid to employees upon separation from State service. In governmental fund types and Expendable Trust Funds, the cost of leave benefits is recognized when payments are made to employees; however, a long-term liability for unused vacation and vested sick leave benefits has been recorded in the General Long-Term Debt Account Group.

In proprietary fund types and Pension Trust Funds, the cost of vacation and vested sick leave benefits is recognized (accrued) in the period they are earned, and the corresponding liability for payment of such obligations is

recorded in the applicable fund rather than in the General Long-Term Debt Account Group. The long-term compensated absences liability of the State University System is recorded in the Unrestricted Current Funds with an offsetting amount to be provided from future appropriations.

In all funds and the account group, the compensated absences amounts are based on June 30, 1985, salary rates and include employer social security and pension contributions at current rates.

2. CASH WITH FISCAL AGENTS

Cash with fiscal agents as reported on the combined balance sheet for the Debt Service Funds, the proprietary fund types, and the fiduciary fund types relates to money transferred to fiscal agents for the payment of principal and interest on maturing bonds. This amount and the related liabilities are not reduced until the Florida State Board of Administration receives evidence from the fiscal agents that principal and interest payments have been made.

3. TAX REVENUE

Florida levies neither a personal income tax nor an ad valorem tax on real or tangible personal property. Taxes are, however, the principal means of financing State operations. A schedule of tax revenues by tax type is presented below (in thousands):

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Type of Tax	Total	General Fund	Special Revenue Funds	Expendable Trust Funds
Sales Tax	$4,685,860	$4,281,386	$ 404,474	$
Alcoholic Beverage Tax	421,824	421,824		
Cigarette Tax	285,775		285,775	
Corporate Income Tax	487,331	487,331		
Unemployment Compensation Tax	387,525			387,525
Estate Tax	102,800	102,800		
Pari-Mutuel Wagering Tax	114,318	59,458	54,860	
Corporate Excise Tax	67,784	67,784		
Alcoholic Beverage Inventory Tax	23	23		
Motor Fuel Tax	581,169		581,169	
Documentary Stamps Tax	318,694		318,694	
Intangible Personal Property Tax	257,570		257,570	
Gross Receipts Utilities Tax	165,158		165,158	
Insurance Premium Tax	159,914		159,914	
Severance Tax on Solid Minerals	84,030		84,030	
Workers' Compensation Special Disability Tax	59,665		59,665	
Citrus Excise Tax	50,381		50,381	
Hospital Public Assistance Tax	30,200		30,200	
Oil and Gas Production Tax	21,630		21,630	
Utility Regulatory Tax	15,210		15,210	
Corporate Charter Tax	3,680		3,680	
Special Fuel and Motor Fuel Use Tax	2,882		2,882	
Other	643	6	637	
Total	$8,304,006	$5,420,612	$2,495,929	$387,525

4. ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES

Receivables are presented on the combined balance sheet net of allowances for uncollectibles. Information regarding gross receivables and related allowances is presented below (in thousands):

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(Continued)

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	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types	University Fund Types	Total
	General	Special Revenue	Capital Projects	Debt Service	Enterprise	Service	Trust and Agency		
Accounts Receivable	$35,894	$248,599	$139	$	$ 1,258	$990	$ 11,411	$32,121	$330,412
Less, Allowance for Uncollectibles	11,072	180,543					2,304	5,132	199,051
Net Accounts Receivable	$24,822	$ 68,056	$139	$	$ 1,258	$990	$ 9,107	$26,989	$131,361
Taxes Receivable	$	$ 23,968	$	$	$	$	$ 17,690	$	$ 41,658
Less, Allowance for Uncollectibles							997		997
Net Taxes Receivable	$	$ 23,968	$	$	$	$	$ 16,693	$	$ 40,661
Interest Receivable	$ 8,115	$ 8,803	$192	$9,282	$ 23,028	$334	$136,016	$ 2,121	$187,891
Less, Allowance for Uncollectibles								350	350
Net Interest Receivable	$ 8,115	$ 8,803	$192	$9,282	$ 23,028	$334	$136,016	$ 1,771	$187,541
Loans and Notes Receivable	$10,490	$ 9,733	$	$	$655,709	$	$ 4,351	$65,912	$746,195
Less, Allowance for Uncollectibles	2,270	2,092					201	9,863	14,426
Net Loans and Notes Receivable	$ 8,220	$ 7,641	$	$	$655,709	$	$ 4,150	$56,049	$731,769

5. CHANGES IN GENERAL FIXED ASSETS

Changes during the year in general fixed assets are summarized below (in thousands):

	Balance 7-1-84	Adjustments	Additions	Deletions	Balance 6-30-85
Land	$ 542,721	$2,250,842	$107,892	$ 592	$2,900,863
Buildings	581,692	(11,077)	81,204	28,554	623,265
Improvements Other Than Buildings	97,002	(6,529)	8,399	1,414	97,458
Furniture and Equipment	425,601	51,753	86,496	21,822	542,028
Construction Work in Progress	186,308	6,471	78,214	84,935	186,058
Library Resources	10,709	(1,822)	833	38	9,682
Leased Property Under Capital Leases	1,475	(1,393)	7		89
Other Fixed Assets	270,900	2,343	1,006	275	273,974
Total	$2,116,408	$2,290,588	$364,051	$137,630	$4,633,417

Adjustments are corrections to the July 1, 1984, balances. An adjustment to land for $2,242,724,939 was made to include 8,483

parcels and 6,730,000 acres of submerged land omitted from prior year balances.

6. LAW ENFORCEMENT OFFICERS AND FIREFIGHTERS DEATH AND SURVIVOR BENEFITS

Florida self-insures for benefits provided under provision of State law for all State law enforcement officers and firefighters killed in the line of duty. A Special Revenue Fund has been established to administer payment of certain death and survivor benefits, and the Florida Department of Highway Safety and Motor Vehicles has reserved $20,000 of the fund balance of the General Fund to pay death benefits claims for Highway Patrol Officers.

7. RETIREMENT PLANS

Florida's retirement plans are administered by the Florida Department of Administration and consist of employee contributory and employee noncontributory plans that provide for retirement, death, and disability benefits to enrolled members. Contributions for the fiscal year ended June 30, 1985, totaled $905,433,897 of which $235,193,799 was State contributions and the remainder was from non-State agencies and employees.

Of the 418,905 active members in the various plans as of June 30, 1985, 413,748 (98.8 percent) were members of the Florida Retirement System. The System was created December 1, 1970, to provide a retirement and survivor benefit program for participating public employees. Except for Legislators and elected county officials, membership in the Florida Retirement System is compulsory for all full-time and part-time employees working in established positions for a State department, county governmental unit, district school board, State university, community college, and participating city or special district. Legislators and elected county officials may elect to participate in the System.

Net assets available for benefits as of June 30, 1983, totaled $6,092,602,859. Section 112.63, Florida Statutes, requires the Florida Department of Administration to obtain actuarial reports on the Florida Retirement System prepared and certified by an enrolled actuary. The actuaries reported the following as of July 1, 1983 (in thousands):

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Actuarial Present Value of Vested Benefits	$6,382,782
Actuarial Present Value of Nonvested Benefits	1,195,127
Total Benefits, Vested and Nonvested	$7,577,909
Net Assets, Actuarial Value	$6,511,446

An assumed average rate of return on investments of nine percent underlies the actuarial computations. The next actuarial report will be available during the 1985-86 fiscal year.

Additional information about the Florida Retirement System and other State-administered retirement plans is contained in various publications available from the Florida Department of Administration.

Pension Fund Assets. The State Board of Administration and the State Treasurer have an agreement with Citibank, N.A., of New York (Citibank) in which the bank has agreed to perform certain fiduciary and custodial services for Florida Retirement System Trust Fund assets. Pension Fund assets at June 30, 1985, totaling approximately $6.5 billion were held and/or accounted for by Citibank. Other securities are held by the State Treasurer in his vault in Tallahassee and there are also real estate investments for the Florida Retirement System Trust Fund. Citibank has agreed: (1) to indemnify and hold the Board and the State Treasurer harmless from any loss, damage, cost, expense, or liability resulting from negligence of Citibank; and (2) that the deposit of securities by the bank in a depository does not limit or in any way otherwise modify or diminish the responsibilities and obligations of Citibank. Citibank has agreed to maintain "bankers' blanket bond" insurance coverage during the term of the agreement and to employ independent certified public accountants to perform annual financial audits of the bank and control audits of the operations of Citibank's trust department.

8. CONSTRUCTION COMMITMENTS

The total estimated cost of construction projects in progress and supervised by the Florida Department of Transportation was not available. The balance remaining on these contracts totaled approximately $543,000,000 at June 30, 1985. At June 30, 1985, other major construction commitments of the State of Florida were as follows (in thousands):

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(Continued)

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Agency/Project Commitments	Total Estimated Cost at 6-30-85	Amount Expended Through 6-30-85	Amount Committed at 6-30-85
Department of Highway Safety and Motor Vehicles			
Office Building, Kirkman Complex	$ 2,774	$ 453	$ 2,321
Department of Health and Rehabilitative Services			
Detention Centers, Halfway Houses, Cluster Facilities, and Capital Improvements	91,051	74,103	16,948
Department of Corrections			
Site Acquisition, Correctional Institutions, and Capital Improvements	138,761	105,831	32,930
Department of General Services			
State Buildings and Facilities	11,085	7,944	3,141
Department of Agriculture			
Forestry Projects	4,240	3,773	467
State Farmers' Markets	3,981	2,174	1,807
Laboratory Facilities	1,524	198	1,326
Other Construction	680	92	588
Department of Education			
Florida School for the Deaf and the Blind Improvement and Renovation	1,450	24	1,426
Department of Law Enforcement			
Crime Laboratories	10,290	5,440	4,850
Department of Natural Resources			
Park Site and Related Construction	18,136	14,590	3,546
Warehouse and Equipment Storage Facilities	4,791	4,754	37
Other Construction	687	655	32
Department of State			
Various Renovation Projects	5,090	1,261	3,829
State University System			
Various University Construction Projects	535,556	440,084	95,472
Total	$830,096	$661,376	$168,720

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9. OTHER COMMITMENTS

Section 253.783, Florida Statutes, provides that upon the deauthorization of the Cross Florida Barge Canal Project by the United States Congress, the Florida Department of Natural Resources shall be authorized to operate and maintain existing lands and interests in lands not disposed of as surplus land and to refund to the counties of the Cross Florida Canal Navigation District their respective shares of the ad valorem taxes paid to the District including interest from the time such taxes were paid to June 30, 1985. As of June 30, 1985, the United States Congress had not deauthorized the Cross Florida Barge Canal Project. Liabilities which may arise from deauthorization approximate $35,400,000 at June 30, 1985. The estimated value of lands available for disposition upon deauthorization is $45,167,645 based on land appraisals as of February 1984.

In October 1983, in the case of Joyce G. Mainer, et al., versus the Canal Authority of the State of Florida (representing a consolidation of 11 individual cases), the Fifth District Court of Appeal rendered an opinion recognizing the legal right of the Canal Authority to retain the fee simple title to lands condemned for the Cross Florida Barge Canal even in the event of abandonment of the canal project. The previous land owners sought review of this decision by the Florida Supreme Court. In April 1985, the Florida Supreme Court affirmed the ruling of the Fifth District Court of Appeal.

10. BONDS PAYABLE

The various bond indentures providing for the issuance of bonds outstanding at June 30, 1985, contain a number of terms and conditions. Florida is in compliance with all significant terms and conditions.

Terms of revenue bond resolutions generally describe the disposition to be made of net revenues and provide for the establishment of sinking funds and reserve accounts and, in many instances, for the redemption or purchase of outstanding bonds with any money excess to that required for current debt service and reserve account maintenance.

At June 30, 1985, the reported liability for notes and bonds payable consists of the following obligations (in thousands):

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Bond Type/Description of Terms	Interest Rates	Maturity Dates	Balance 6-30-85 (In Thousands)
ENTERPRISE FUND			
Toll Facility Bonds			
The toll facility bonds outstanding at June 30, 1985, consist of serial bonds ($796,600,000) and combination bonds ($53,465,000). The bonds are secured by a pledge of toll facility revenues and a portion of the State-assessed gasoline taxes. In addition to the pledge of toll facility revenues and State gasoline taxes, the full faith and credit of the State is also pledged to service $541,540,000 of the bonds reported outstanding at June 30, 1985. (Unamortized discount of $4,110,000.)	3.60-10.25	1985-2015	$ 845,964
Florida Housing Finance Agency Bonds			
The Florida Housing Finance Agency purchases single-family mortgage loans originated on behalf of the Agency by lending institutions, provides mortgage loans for the construction of multi-family dwellings for low, moderate, and middle income families, and provides loans to and makes deposits with lending institutions for the purpose of making such loans. The bonds and notes are special obligations of the Agency and are not obligations, either general or special, of the State of Florida. Notes and bonds outstanding at June 30, 1985, consist of loan revenue notes ($54,788,000), serial bonds ($233,093,000), and term bonds ($980,425,000). The amount shown is net of unamortized discount of $19,167,000.	5.25-13.50 (Some Floating/ Variable Rates)	1985-2024	1,249,139
Total Enterprise Fund			$2,095,103
GENERAL LONG-TERM DEBT ACCOUNT GROUP			
Road and Bridge Bonds			
Road and bridge serial bonds are secured by a pledge of a portion of the State-assessed gasoline tax revenues. The State's full faith and credit is also pledged as security for several road and bridge bond issues. The principal balance outstanding for those issues secured by pledges of both gasoline tax revenues and the full faith and credit of the State amounted to $143,785,000 at June 30, 1985.	.10-10.75	1985-2015	$ 174,375
State School Bonds			
State School Bonds are issued to finance capital outlay projects of school districts. The bonds mature serially and are secured by a pledge of a portion of the State-assessed motor vehicle license tax. The State's full faith and credit is also pledged as security for several State school bond issues. The principal balance outstanding for those issues secured by pledges of both motor vehicle license tax revenues and the full faith and credit of the State amounted to $427,861,000 at June 30, 1985.	3.35-12.25	1985-2005	451,351

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(Continued)

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Bond Type/Description of Terms	Interest Rates	Maturity Dates	Balance 6-30-85 (In Thousands)
Public Education Bonds			
Public Education Bonds are issued to finance capital outlay projects of local school districts and the State University System. The bonds mature serially and are secured by a pledge of the State's gross receipts tax revenues and by a pledge of the full faith and credit of the State of Florida.	5.40-12.75	1985-2014	$1,309,735
Outdoor Recreation Bonds			
Outdoor Recreation Bonds are issued to acquire lands, water areas, and related resources. The bonds mature serially. State documentary stamp taxes are pledged to service the Florida Outdoor Recreation Council Bonds dated July 1, 1968 (principal amount of $12,975,000 at June 30, 1985). The balance of the Outdoor Recreation Bonds reported as outstanding at June 30, 1985, are secured by a pledge of the full faith and credit of the State of Florida.	4.00-5.75	1985-1998	29,820
Environmental Conservation Bonds			
Environmental Conservation Bonds are issued to finance the purchase of environmentally endangered lands. The bonds mature serially and are secured by a pledge of the full faith and credit of the State.	4.00-6.00	1985-199[illegible]	109,335
Save Our Coast Bonds			
Save Our Coast Bonds are used to finance the purchase of environmentally significant coastal property. The bonds mature serially and are secured by a pledge of State Land Acquisition Trust Fund collections (primarily documentary stamp taxes).	7.50-12.70	1985-2009	123,320
Pollution Control Bonds			
Pollution Control Bonds are issued to make funds available for local government acquisition of pollution control facilities. The bonds are to be serviced by revenues pledged by the local governments, and the full faith and credit of the State is pledged as additional security. The bonds mature serially.	4.50-9.75	1985-2014	518,970
Total General Long-Term Debt Account Group			$2,716,906

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Bond Type/Description of Terms	Interest Rates	Maturity Dates	Balance 6-30-85 (In Thousands)
STATE UNIVERSITY SYSTEM			
State University System Bonds			
State University System bonds and revenue certificates were issued to construct University System facilities, including student housing. Bonds and revenue certificates outstanding, which include both term and serial bonds, are secured by a pledge of rental revenues and student fee assessments. The amount shown is net of unamortized discount of $562,059.	2.75-11.50	1985-2020	$ 83,589

The annual requirements to amortize notes and bonds payable at June 30, 1985, are as follows (in thousands):

General Long-Term Debt Account Group

Year Ending June 30	Road and Bridge	State School	Public Education	Outdoor Recreation	Environmental Conservation	Save Our Coast	Pollution Control	Total
1986	$ 20,902	$ 54,350	$ 132,435	$ 4,311	$ 16,220	$ 13,864	$ 48,245	$ 290,327
1987	19,796	54,293	131,702	4,216	15,661	13,883	48,072	287,623
1988	19,466	54,180	131,701	4,119	15,101	13,942	48,130	286,639
1989	19,351	56,087	131,710	4,018	14,516	13,784	48,134	287,600
1990	18,382	53,546	131,722	3,913	13,955	13,799	48,601	283,918
Later Years	193,337	346,976	2,696,221	18,380	62,491	249,438	660,556	4,227,399
Total	291,234	619,432	3,355,491	38,957	137,944	318,710	901,738	5,663,506
Interest	(116,859)	(168,081)	(2,045,756)	(9,137)	(28,609)	(195,390)	(382,768)	(2,946,600)
Principal	$ 174,375	$ 451,351	$ 1,309,735	$29,820	$109,335	$ 123,320	$ 518,970	$ 2,716,906

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(Continued)

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Enterprise Funds				State University System Funds	
Year Ending June 30	Toll Facility	Florida Housing Finance Agency (1)	Total	Year Ending June 30	
1986	$ 83,490	$ 114,933	$ 198,423	1986	$ 8,554
1987	85,387	102,828	188,215	1987	8,736
1988	85,127	103,072	188,199	1988	8,902
1989	83,387	103,067	186,454	1989	8,955
1990	79,707	117,679	197,386	1990	8,914
Later Years	1,476,586	2,171,916	3,648,502	Later Years	112,647
Total	1,893,684	2,713,495	4,607,179	Total	156,708
Unamortized Discount	(4,110)	(19,167)	(23,277)	Unamortized Discount	(562)
Interest	(1,043,610)	(1,445,189)	(2,488,799)	Interest	(72,557)
Principal	$ 845,964	$ 1,249,139	$ 2,095,103	Principal	$ 83,589

Note: (1) Interest for bonds bearing fixed rate only. A portion of the principal outstanding bears variable rates.

Florida has refunded several bond issues. The proceeds of the refunding issues and, in certain instances, additional appropriated revenues have been placed in irrevocable trust accounts and invested in direct obligations of the Federal Government and obligations fully guaranteed by the Federal Government that, together with interest earned thereon, will provide amounts sufficient to meet future payments of principal and interest on the refunded issues. Refunded bonds defeased through the consummation of these refunding transactions are not included in Florida's outstanding long-term debt. Irrevocable escrow accounts held by the Florida State Board of Administration to service the refunded issues are reported in the Agency Funds.

Debt considered defeased consists of the following:

Florida State Board of Education, Higher Education Bonds, Series A through H, issued prior to July 1, 1975, were refunded in 1982 through the issuance of $147,850,000 State Board of Education Public Education Capital Outlay Bonds, Series 2, dated December 1, 1981. The principal balance defeased at June 30, 1985, was $270,800,000.

Florida State Fair Revenue Bonds, Series 1977, were refunded in 1979 through a $2,300,000 appropriation included in Chapter 79-212, Laws of Florida. The principal balance defeased at June 30, 1985, was $2,260,000.

Florida Department of General Services, Alachua County Road Bonds, issued in 1973 and 1976, were refunded in 1983 through the issuance of $8,500,000 Florida Department of General

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Services, Alachua County Road Bonds, dated May 1, 1983. The principal balance defeased at June 30, 1985, was $2,150,000.

Florida Development Commission, University System Improvement Revenue Bonds, issued in 1962, were refunded in 1982 by the Board of Regents through the use of resources other than proceeds of refunding bond issuances. The principal balance defeased at June 30, 1985, was $8,117,000.

Florida Department of General Services, University System Improvement Revenue Bonds, issued in 1971 and 1972 were refunded in 1982 through the issuance of $43,000,000 University System Improvement Revenue Certificates, Series A, dated January 1, 1982. The principal balance defeased at June 30, 1985, was $30,850,000.

11. INSTALLMENT PURCHASE CONTRACTS AND CAPITAL LEASES PAYABLE

Florida has a number of installment purchase contracts and capital leases providing for the acquisition of machinery and equipment.

The following is a schedule of future minimum payments remaining under the contracts at June 30, 1985 (in thousands):

	Total	Installment Purchase Contracts	Capital Leases
Internal Service Funds			
For the Fiscal Year Ending June 30:			
1986	$ 9,142	$ 6,597	$ 2,545
1987	6,595	4,718	1,877
1988	3,780	2,536	1,244
1989	1,030	823	207
1990	182	181	1
Total Minimum Payments	20,729	14,855	5,874
Less, Amount Representing Interest	2,748	1,771	977
Present Value of Payments	$17,981	$13,084	$ 4,897

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(Continued)

STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS
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	Total	Installment Purchase Contracts	Capital Leases
Pension Trust Funds			
For the Fiscal Year Ending June 30:			
1986	$ 16	$ 16	$
General Long-Term Debt Account Group			
For the Fiscal Year Ending June 30:			
1986	$ 9,349	$ 8,840	$ 509
1987	6,657	6,200	457
1988	4,475	4,261	214
1989	2,149	2,075	74
1990	217	171	46
Total Minimum Payments	22,847	21,547	1,300
Less, Amount Representing Interest	3,102	2,894	208
Present Value of Payments	$19,745	$18,653	$ 1,092
State University System Funds			
For the Fiscal Year Ending June 30:			
1986	$10,060	$ 9,194	$ 866
1987	7,623	6,757	866
1988	4,315	3,449	866
1989	2,249	1,461	788
1990	903	134	769
Later Years	30,525	22	30,503
Total Minimum Payments	55,675	21,017	34,658
Less, Amount Representing Interest	31,225	2,571	28,654
Present Value of Payments	$24,450	$18,446	$ 6,004

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NOTES TO FINANCIAL STATEMENTS
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12. CHANGES IN GENERAL LONG-TERM DEBT

Changes during the year in general long-term debt are summarized below (in thousands):

Description	Balance 7-1-84	Adjustments	Additions	Deletions	Balance 6-30-85
Bonds Payable:					
Road and Bridge	$ 184,815	$	$	$10,440	$ 174,375
State School	478,410		1,000	28,059	451,351
Public Education	1,225,560		100,000	15,825	1,309,735
Outdoor Recreation	32,550			2,730	29,820
Environmental Conservation	120,220			10,885	109,335
Save Our Coast	74,420		50,000	1,100	123,320
Pollution Control	528,035		5,300	14,365	518,970
Compensated Absences	161,971		13,361		175,332
Installment Purchase Contracts and Capital Leases Payable	15,313	404	10,086	6,058	19,745
Other Long-Term Liabilities	6	2,779	2,749		5,534
Total	$2,821,300	$3,183	$182,496	$89,462	$2,917,517

The long-term liability for compensated absences at June 30, 1985, was determined in accordance with the provisions of the Governmental Accounting Standards Board Codification, Section C60.

13. OPERATING LEASES

Florida has long-term commitments for assets leased under operating leases. These assets are not recorded on the combined balance sheet, and operating lease payments are recorded as expenditures or expenses of the related funds when paid or incurred. Estimates of future minimum lease commitments for noncancellable operating leases as of June 30, 1985, were as follows (in thousands):

Fiscal Year Ending June 30	Operating Lease Commitments
1986	$ 43,159
1987	41,020
1988	38,262
1989	38,268
1990	39,305
Later Years	7,577
Total	$207,591

Total estimated commitments consisted of $5,798,794 for machinery and equipment and $201,792,976 for land and buildings.

14. INTERFUND RECEIVABLES AND PAYABLES

During the course of operations there are numerous transactions between funds. At year-end, amounts to be received or paid within one year are reported as Due from or Due to Other Funds, whereas the noncurrent portion is reported as Advances to or Advances from Other Funds. Individual interfund receivable and payable balances at June 30, 1985, were as follows (in thousands):

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	Interfund Receivables		Interfund Payables	
	Due from Other Funds	Advances to Other Funds	Due to Other Funds	Advances from Other Funds
General Fund	$ 83,158	$142,359	$134,558	$ 23
Special Revenue Funds:				
Transportation Working Capital Trust Fund	43,093	800	895	
Transportation Primary Trust Fund	36,442	132,100	16,562	131,000
Municipal Revenue Sharing Trust Fund	11,514			
County Revenue Sharing Trust Fund	4,529			
Local Government Half-Cent Sales Tax Clearing Trust Fund	2,710			
Insurance Commissioner's Regulatory Trust Fund	2,094		1,669	
Municipal Financial Assistance Trust Fund	2,086			
Land Acquisition Trust Fund	1,210		8,390	
Employment Security Administrative Trust Fund	1,207		1	
County Health Unit Trust Fund	1,184		7	
Public Education Capital Outlay Debt Service Trust Fund			98,406	
Centralized Mobile Equipment and Warehouse Operations Administrative Trust Fund			36,069	
Cigarette Tax Collection Trust Fund			23,832	
Gas Tax Collection Trust Fund			14,177	
Documentary Stamp Tax Trust Fund			9,097	
Local Government Exemption Trust Fund			6,712	
Intangible Tax Trust Fund			6,342	
Conservation and Recreation Lands Trust Fund			5,859	
Severance Tax Solid Minerals Trust Fund			5,358	
Pari-Mutuel Wagering Tax Collection Trust Fund			5,198	
Corporations Trust Fund			3,357	
State-Federal Relations Trust Fund	107		2,967	
Medical Care Trust Fund	250		2,426	
Community Facilities Regional Control Operations Trust Fund	312		52	801
Other	12,120	21	25,441	708
Total Special Revenue Funds	118,858	132,921	272,817	132,509
Capital Projects Funds:				
General Revenue Fund Projects	72,495			
Land Acquisition Trust Fund	8,384			
Conservation and Recreation Lands Trust Fund	5,858			
Social Services Block Grants Trust Fund	367		367	
Market Improvements Working Capital Trust Fund	1,277		98	
Other	2,229		132	
Total Capital Projects Funds	90,610		597	

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(Continued)

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NOTES TO FINANCIAL STATEMENTS
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	Interfund Receivables		Interfund Payables	
	Due from Other Funds	Advances to Other Funds	Due to Other Funds	Advances from Other Funds
Enterprise Funds:				
Housing Finance Agency Funds	$ 714	$	$ 723	$ 6,000
Inmate Welfare Trust Fund	48		49	
Toll Funds		500	26,221	132,100
Publications Revolving Trust Fund	7		156	
Museum of Florida History Trust Fund			1	
Total Enterprise Funds	769	500	27,150	138,100
Internal Service Funds:				
Kirkman Data Center Trust Fund	1,307			
General Services Working Capital Trust Fund	676		2	1,478
Supervision Trust Fund	377		32	
Treasurer's Working Capital Trust Fund	288		1	
Communications Working Capital Trust Fund	273		61	500
Caldwell Data Center Trust Fund	66		626	
Paid Parking Trust Fund			326	
Other	406		82	100
Total Internal Service Funds	3,393		1,130	2,078
Trust and Agency Funds:				
Expendable Trust Funds:				
Unemployment Compensation Trust Fund	12,519			
Ringling Museum Investment Trust Fund	289			
Transportation Project Construction Trust Funds			59	
State Employees Health Insurance Trust Fund			7	
Nonexpendable Trust Fund:				
Ringling Museum Investment Trust Fund			289	
Pension Trust Funds:				
Florida Retirement System Trust Fund	532		527	
Optional Retirement Program Trust Fund			152	
Agency Funds:				
Social Security Contribution Trust Fund	13,569		377	
Social Security Clearing Trust Fund			13,569	
Unemployment Compensation Clearing Trust Fund			13,029	
Pari-Mutuel Wagering General Revenue Fund			4,431	
Convention Development Tax Clearing Trust Fund			2,303	
Insurance Companies in Receivership Fund			2,064	
Other	4		2,652	
Total Trust and Agency Funds	26,913		39,459	
State University System	153,945		1,935	3,070
Total Interfund Receivables and Payables	$477,646	$275,780	$477,646	$275,709

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15. RELATED PARTY TRANSACTIONS

As permitted by Section 240.299, Florida Statutes, the State University System receives direct and indirect financial support from direct-support organizations situated on campuses. Transactions relating to these organizations are not included in State University System Funds. A summary of assets, liabilities, revenues, and expenditures of direct-support organizations for the last fiscal year reported is tabulated below (in thousands):

Assets	$218,657
Liabilities	$109,942
Revenues	$ 88,383
Expenditures	$ 59,184

16. FLORIDA NATIONAL GUARD COST-SHARING AGREEMENTS

The Federal Government and the State of Florida jointly operate the Florida National Guard which is composed of the Florida Army National Guard and the Florida Air National Guard.

The Florida Department of Military Affairs has cost-sharing agreements with the Federal Government for operation and maintenance of certain facilities of the Florida National Guard. The Army Service Funding Agreement provides for a Federal share of 75 percent and State share of 25 percent. The Air Operation and Maintenance Agreement provides for a Federal share of 80 percent and State share of 20 percent. Weekend training and annual training activities are 100 percent Federally funded.

In fiscal year 1984-85, the Florida Department of Military Affairs expended $8,693,417 on the program and the Federal Government expended approximately $99 million. The Federal investment in general fixed assets totaled approximately $327 million at June 30, 1985. Neither the current expenditures of the Federal Government nor the Federal investment in general fixed assets are included in the amounts reported. These amounts are administered and controlled by the Federal Government.

17. SELF-INSURANCE

Florida has established self-insurance programs for property, casualty, and medical professional liability losses and

has established an employee health insurance program to pay medical claims of employees and covered dependents. These programs are described below:

A. Property and Casualty Self-Insurance Fund

The Property and Casualty Self-Insurance Fund is administered as an Internal Service Fund. Premium charges are recorded as expenditures or expenses by covered funds and as operating revenue by the self-insurance fund. Coverages include property, general liability, automobile liability, workers' compensation, and Federal civil rights actions. Property is self-insured for actual cash value; liability coverage is provided up to $100,000 per person and $200,000 per occurrence; workers' compensation is provided to comply with applicable law; and Federal civil rights action coverage is unlimited.

B. Medical Professional Liability Self-Insurance Funds

The Medical Professional Liability Self-Insurance Funds provide dental, medical, and veterinary medical professional liability; comprehensive general liability; and patient's property liability covering faculty, staff, and students engaged in dental, medical, and the veterinary medical programs at the University of Florida and the University of South Florida. The funds are administered as Auxiliary Funds and, accordingly, are reported within the State University System Unrestricted Current Funds. The program's retained risks range from $1,000 per occurrence for patient property losses to $500,000 per occurrence for professional liability, up to an aggregate of $2,500,000 for all claims paid during a calendar year. Losses in excess of these individual and aggregate amounts, up to $13 million, are reinsured with commercial insurers.

C. Employee Health Insurance Fund

The Employee Health Insurance Fund is administered as an Expendable Trust Fund. Premium charges paid by funds are recorded as an expenditure or expense and premium receipts are recorded as revenue in the Employee Health Insurance Fund.

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NOTES TO FINANCIAL STATEMENTS
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18. DEFERRED COMPENSATION PLAN

The State offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all State employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the State (without being restricted to the provisions of benefits under the plan), subject only to the claims of the State's general creditors. Participants' rights under the plan are equal to those of general creditors of the State in an amount equal to the fair market value of the deferred account for each participant.

The following is a summary of the increases and decreases of the fund for the year ended June 30, 1985 (in thousands):

Fund Assets (At Market Value), July 1, 1984	$32,298
Contributions	19,245
Earnings	5,434
Payments	(1,898)
Fund Assets (At Market Value), June 30, 1985	$55,079

19. PRIOR PERIOD ADJUSTMENTS

Beginning Fund Balances and Retained Earnings at July 1, 1984, have been adjusted as follows:

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(Continued)

STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS
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	Amount (In Thousands)
General Fund	
To eliminate accounts reported in the June 30, 1984, fund balance which were not a component of fund equity.	$ 9,172
To record a change in the method used to report General Fund revenues collected by the Department of Health and Rehabilitative Services during fiscal year 1983-84.	7,230
Other adjustments (net).	(3,586)
Total	$ 12,816
Special Revenue Fund	
To record investments held by the State Treasury, Bureau of Collateral Securities, for the Florida Department of Education's Principal State School Trust Fund and Grants and Donations Trust Fund.	$ 7,711
Other adjustments (net).	(768)
Total	$ 6,943
Capital Projects Fund	
To record receivables at June 30, 1984, in the Department of Health and Rehabilitative Services capital projects accounts.	$ 5,758
Other adjustments (net).	425
Total	$ 6,183
Debt Service Fund	
To reclassify assets reported at June 30, 1984, from the Debt Service Funds to the Agency Funds. These assets relate to amounts deposited with Florida by local governments to satisfy future payment of amounts loaned to the local governments.	$(47,826)
To provide for the proper reporting in the Debt Service Funds of Gasoline Tax Funds recorded and reported in toll facility accounts.	(14,342)
Total	$(62,168)

STATE OF FLORIDA
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	Amount (In Thousands)
Enterprise Fund	
To properly record the assets of the Orlando Orange Expressway Authority.	$ 3,383
Other adjustments (net).	2,566
Total	$ 5,949
Internal Service Fund	
To establish reserves for self-insurance contingencies in the Department of Insurance's Florida Casualty Insurance Trust Fund. The reserve accounts were reported as liabilities at June 30, 1984.	$ 18,820
To record fiscal year 1983-84 investment income of the Casualty Insurance Trust Fund and Fire Insurance Trust Fund.	5,131
Other adjustments (net).	(775)
Total	$ 23,176

The effect of these changes was not material to revenues, expenditures, or expenses.

20. GUARANTEES OF INDEBTEDNESS OF OTHERS

The Florida Guaranteed Student Loan Program, administered by the Florida Department of Education (FDOE), guarantees loans made to eligible students and parents by financial institutions. At June 30, 1985, approximately $907 million of student loans were guaranteed under the Program. The United States Department of Education participates in the Program as a reinsurer, and reimburses the FDOE for defaulted loans at rates of up to 100 percent based on the incidence of default. The reimbursement rate during the 1984-85 fiscal year ranged from 90 percent to 100 percent. A potential liability exists for loans defaulted in excess of the Federal reimbursement. The specific amount of this potential liability is undeterminable.

The Florida Public Service Commission (FPSC) guarantees loans made by utility companies to customers who implement qualifying energy conservation measures. As of June 30, 1985, the principal of outstanding loans guaranteed by FPSC totaled

$3,263,181. The FPSC has established a reserve of $293,325 for its estimated liability for defaulted loans. The FPSC has the right to seek recovery from the borrower for any amount reimbursed to the utilities.

21. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

Segment information for selected enterprise funds for the fiscal year ended June 30, 1985, is as follows (in thousands):

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(Continued)

	Operating Revenues	Depreciation Expense	Operating Income or (Loss)	Net Income or (Loss)	Property, Plant, and Equipment Additions	Property, Plant, and Equipment Deletions	Net Working Capital	Total Assets	Bonds and Other Material Long-Term Liabilities	Total Equity	Type of Service Provided
Florida Housing Finance Agency	$102,779	$	$ 4,633	$ 4,597	$	$	$589,782	$1,308,335	$1,237,866	$ 11,019	Financing for Low and Middle Income Family Housing
Everglades Parkway	2,981	50	(170)	(170)			(62)	16,337	770	15,035	Transportation
Tampa South Crosstown	6,419	109	(4,893)	(3,716)	50		8,862	214,267	226,216	(39,430)	Transportation
Pinellas Bayway	1,880	8	871	990	1		405	8,873	7,174	(616)	Transportation
Pensacola Beach Bridge	1,423		(458)	458			(731)	10,763	12,949	(5,105)	Transportation
Franklin Bridge (Bryant Patton Bridge)	472		253	351			410	4,381	1,365	2,556	Transportation
Navarre Bridge	167		(2)	(2)			32	2,615	581	1,742	Transportation
Brevard Pineda Bennett	3,966	16	2,450	2,441			3,745	33,553	12,434	18,206	Transportation
Jacksonville Expressway	22,478	47	9,143	12,885	21,342		145,036	429,320	211,241	191,040	Transportation
Buccaneer Trail	563		(837)	(837)			19	5,110	19,655	(14,545)	Transportation
Beeline Expressway	16,237	2	7,502	8,879	4,227		22,403	162,846	118,547	39,875	Transportation
Beeline East	1,217		450	530			906	24,569	13,882	6,896	Transportation
Dade County Expressway	9,443	5	5,144	5,339	1,151		6,820	136,112	63,540	59,906	Transportation
Sunshine Skyway	6,322	1	5,283	8,929	131,968		3,865	174,248	38,649	118,477	Transportation
Broward County Expressway				7,072	72,590		105,322	194,619	170,841	(7,072)	Transportation
Florida Turnpike	81,682	2,14	35,709	41,049	40,099	27,749	107,238	504,139	111,567	367,437	Transportation

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22. NONMONETARY TRANSACTIONS

The State of Florida received for its use donated food from the United States Department of Agriculture (USDA) Redistribution Program. The fair market value of food received, $4,261,339, was recorded as revenue of the receiving governmental funds. The State also distributes donated food as an agent for the USDA to other qualifying organizations outside the State reporting entity. The value of food received and distributed by the State of Florida as an agent for the USDA is not reported in the accompanying financial statements.

The Florida Department of Health and Rehabilitative Services administers the United States Department of Agriculture Food Stamp Program. Florida issued food stamps valued at $365,908,946 during fiscal year 1984-85 and had food stamps valued at $124,588,777 on hand as of June 30, 1985. The value of food stamps issued is not reported as an expenditure and the value of the food stamps on hand at June 30, 1985, is not reported on the combined balance sheet.

State Attorneys and Public Defenders of the State of Florida are furnished office space and certain other services by counties under the provisions of Chapter 27, Florida Statutes. The value of these services is not reported on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances.

23. OTHER LOSS CONTINGENCIES

Florida participates in a number of Federally-assisted grant programs. These programs are subject to audits by the grantors or their representatives. Any disallowance as a result of these audits may become a liability of the State.

24. LITIGATION

Because of its size and its broad range of activities, Florida is involved in a number of routine legal actions. Managers of the departments involved believe that the results of such litigation pending or anticipated at the date of these financial statements will not materially affect Florida's financial position.

A. Hughlan Long v. State of Florida, Case No. TCA 82-1056, United States District Court, Northern District of Florida. This case involves a challenge under Title VII of the Civil Rights Act of 1964, as amended, which challenges the Florida Retirement System's previous use of sex-distinct actuarial

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tables to calculate joint and survivor options' monthly benefits payable under the Florida Retirement System (FRS). The case is a class action involving approximately 7,600 retirees who retired after 1972 and before August 1983. The potential range of loss is from zero to two hundred million dollars, depending upon the method of defining the class members, the measure of relief determined by the court, and the treatment of various defenses by the Federal trial and appellate courts.

The case is presently being tried in the Federal District Court for the Northern District of Florida on the issue of the scope of relief to be accorded to the plaintiff class. The trial court has earlier granted partial summary judgment on the issue of liability to the plaintiff class.

Counsel advises that since the State is presently in the midst of the trial of the remaining issues in this case it is difficult to determine what the probable outcome of this case will be. Any judgment would be satisfied either from the FRS Trust Fund or by appropriation from the Legislature.

B. Claims for refunds of taxes paid the State. Under Sections 564.06 and 505.12, Florida Statutes, the State collects an excise tax from the distributors of wines and spirits. These Statutes provide certain exemptions or exclusions for the benefit of manufacturers in Florida who produce such items from Florida-grown products. The United States Supreme Court has recently held a similar such statute in Hawaii to be unconstitutional in violation of the interstate commerce clause of the Federal Constitution (Art. I, Sect. 8, Cl. 3). See Bacchus Imports, Ltd. et al., v. Dias, 104 S. Ct. 3049 (1984) and see also Metropolitan Life Insurance Co. v. Ward, 105 S. Ct. 1676 (1985).

As a result of these decisions, the State received in the second quarter of 1985 a number of applications under Section 215.26, Florida Statutes, for refunds of excise taxes paid during the years 1982, 1983, and 1984. The State is presently in the process of denying these applications on the grounds that the Comptroller has no authority to declare an otherwise valid State statute unconstitutional. These Orders of Denial will advise the applicants of their rights to an administrative hearing or an appeal to the District Court of Appeal. The State fully expects the applicants to exercise these rights. To date, the State has received 11 such applications totaling $228 million.

Counsel advises that there are defenses to any such litigation, such as the fact that the tax was actually paid by the consumer, the dissent in the Bacchus case based on the 21st Amendment, etc. However, if the applicants request hearings, these files will be turned over to the Attorney General for handling.

C. Costello v. Wainwright, Case Nos. 72-109-CIV-J-S and 72-94-CIV-J-S. Costelio is a Federal class action lawsuit filed over ten years ago. In its broadest sense, it concerns all conditions of confinement in Florida prisons. Throughout the years, there have been numerous partial settlements reached in this litigation. The primary remaining issue in terms of financial impact to the State is medical care for inmates. A master and monitor have recently been appointed in order to oversee the State's progress in this area. Risk Management has set aside a reserve of 1.2 million dollars for this case. However, this figure represents a reserve for individual claims by inmates and does not reflect what it will cost to raise the health care standard for inmates to a level acceptable to the court. The Department's present budget for health services is approximately 33 million dollars. This amount may triple as a result of Costello.

D. Jaffe v. Stephen L. Boyles, State Attorney, Seventh Judicial Circuit, et. al., Case No. 85-1128-CIV-J16, U.S.D.C.--MD Fla. (Jacksonville Division); previously Case No. 84-0379C U.S.D.C.-Western District of New York.

The original complaint consists of several counts including violation of civil rights and false imprisonment. Plaintiffs seek compensatory damages in the amount of $22,050,000 for all counts combined and $175,000,000 in punitive damages for all counts combined. Eliminating the damages sought by count IV which has been dropped, Plaintiffs seek damages in the amount of $21,050,000 and $150,000,000, respectively. The State plans to vigorously defend the action.

E. Personal injury litigation involving the Department of Transportation. There are several personal injury lawsuits filed against the Department of Transportation in which the Department's exposure may exceed $1,000,000. However, a $200,000 limit exists on tort litigation involving the Department. There is a potential that any large verdict against the Department which exceeds the $200,000 limit will be brought to the Legislature in the form of a claims bill.

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25. SUBSEQUENT EVENTS

Bonded debt issued subsequent to June 30, 1985, consisted of the following:

A. The Florida Housing Finance Agency sold additional bonds totaling $755,685,000. The bonds mature in varying amounts during the period 1986 to 2021 and bear fixed and floating interest rates. The fixed rates range from 7.50 percent to 9.25 percent.

On July 1, 1985, pursuant to the mandatory redemption provisions of a Trust Indenture dated August 1, 1983, the Florida Housing Finance Agency called for redemption of certain Single-Family Mortgage Revenue Bonds with a par value of $7,000,000 at a redemption price equal to par value plus accrued interest through July 1, 1985.

B. Toll Facility Bonds totaling $27,500,00 were sold to finance construction projects of the Broward County Expressway Authority. The issues consists of serial and term bonds with interest rates of 9.10 percent to 9.20 percent.

Also, Orlando-Orange County Expressway Refunding Bonds in the principal amount of $55,965,000 were sold. These bonds bear interest rates of 8.10 percent to 8.25 percent.

C. Save Our Coast Bonds, Series F and G, in the principal amount of $50,000,000 were sold. Also, subsequent to June 30, 1985, State Board of Education Bonds, Series 1985A, in the principal amount of $293,330,000 were sold. The serial bonds bear interest rates of 8.10 percent to 8.40 percent, require annual installments of $6,150,000 to $20,180,000, and mature in the year 2007.

D. Pollution Control Bonds, Series R and S, in the amount of $10,820,000 were issued. These issues were:

	Interest Rate	Principal
Series R	9.0368%	$ 8,520,000
Series S	9.0582%	2,300,000
Total		$10,820,000